

9/2/77

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From Mondale to The President (3 pp.) re: SALT / enclosed in Hutcheson to Brzezinski 9/2/77	9/1/77	A
memo w/att.	From Owen to The President (2 pp.) re: summitry and the UK/ enclosed in Hutcheson to Kraft <i>1 p. opened per RAC NLC-126-9-10-1-0, 2/14/13</i>	8/30/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Hand-writing File 9/2/ 77 Box 47

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

9-2-77

To Jody
J

EYES ONLY MEMORANDUM FROM CEA

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

To Jody
J

September 1, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze

Subject: The Recent Slowdown in Economic Growth

The report on employment and unemployment in August to be released by the Bureau of Labor Statistics on Friday morning, September 2, (about which I called you this morning), is not favorable.

Unemployment rose from 6.9 to 7.1 percent in August. The civilian labor force grew by 400,000; 200,000 were added to employment, and 200,000 to unemployment. For the last five months, the unemployment rate has remained on a plateau, fluctuating between 6.9 and 7.1 percent.

The most disappointing statistic was the 0.3 percent decline in total manhours worked in the private nonfarm economy. Over the past three months, total manhours worked have fallen by 0.7 percent, and are now only a hair above March. In manufacturing, manhours worked dropped by 1.2 percent in August.

The slowdown in growth that began in the second quarter has not ended. On the basis of statistics to date, the annual growth rate of GNP apparently will slow substantially this quarter -- to around 4 percent or below.

The slowdown began with a sharp rise in the personal saving rate and a consequent reduction in consumer buying, particularly of nondurable goods. In the past, businesses would have responded to such a development with a lag -- maintaining their production schedules, and letting their inventories build up for a time while they assess the consumers' mood. In today's cautious environment, they are reacting quickly and sensitively, so that changes in consumer spending are feeding back very rapidly to affect production and employment.

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We see no evidence of a weakening in consumer buying intentions -- in fact, recent attitude surveys suggest that consumers are in a buying mood. However, the saving rate in the second quarter was still quite low by historical standards, so that a further rise could occur and still be consistent with relatively confident consumer attitudes. As yet, there is no clear evidence in the retail sales data of a resumption of stronger consumer buying. Sales rose somewhat in July from a depressed July level, but available weekly data suggest that they may have flattened out again in August.

If consumer spending remains in the doldrums for another month or two, while the saving rate rises further, and if the weakness does not begin to affect business planning for long-term investment projects adversely, we may be facing no more than a temporary "pause" in growth not unlike the one that occurred a year ago -- which ended with a snapback of consumer spending in the fall. The longer the weakness in consumer spending persists, however, the greater becomes the danger of an appreciable erosion of business confidence, which could lead to stretchouts, postponements, or cancellations of major capital outlays. We would then be in for bigger trouble.

Response to Press Queries

I suggest that Jody Powell reply to inquiries about the August data at his press briefing:

While employment did increase by 200,000 persons in August, it was not enough to absorb the large rise in the labor force.

We still believe the fundamental economic situation is good for continued healthy recovery; for example:

- . The latest survey (July-August) by the Conference Board shows a very large increase in consumer buying intentions to a new peak.
- . Similarly, the most recent survey of manufacturers' appropriations for future new investment showed a healthy increase in the second quarter.
- . The Federal Government's own economic stimulus program is now gathering momentum and will be growing strongly over the next six to nine months, adding substantial jobs and income to the economy.

Economic recoveries never proceed evenly from month to month and quarter to quarter. We cannot change government policy on the basis of such temporary fluctuations.

On the other hand, we are monitoring economic developments very closely, and continually subjecting our economic forecasts to critical scrutiny.

Should convincing evidence develop -- and it has not to date -- that the economy is experiencing something more fundamental than a temporary lull, so as to slow the improvement in employment, output, and incomes to unacceptable rates, the Administration will take whatever steps and make whatever recommendations that seem appropriate to deal with the situation.

We will be prudent and will not overreact to short-lived fluctuations in economic statistics. But the Administration is committed to doing everything in its power to keeping a healthy and sustainable recovery going.

THE PRESIDENT'S SCHEDULE

Friday - September 2, 1977

8:30 Dr. Zbigniew Brzezinski - The Oval Office.

10:30 Mr. Jody Powell - The Oval Office.

10:45 Mr. Willie Nelson and Ms. Emmylou Harris.
(5 min.) (Mr. Frank Moore) - The Oval Office.

10:55 Ms. Clara Hyatt. (Mr. Bob Linder).
(3 min.) The Oval Office.

11:00 Mr. Charles Schultze - The Oval Office.

11:30 Congressman David Bowen. (Mr. Frank Moore).
(10 min.) The Oval Office.

11:50 Mr. Warren L. (Bill) Gulley - The Oval Office.
(3 min.)

2:00 Depart South Grounds via Helicopter
en route Camp David.

THE PRESIDENT HAS SEEN.

C
/

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THE WHITE HOUSE

WASHINGTON

2 September 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

RICK HUTCHESON *Rid*

SUBJECT:

Status of Presidential Requests

EIZENSTAT:

1. (2/16) Prepare a draft message to Congress on the opportunity for regulatory reform and consult with the Cabinet -- Done.
2. (6/13) Can we issue instructions precluding dual compensation limitations for retired military officers? -- In Progress, (with the President's Commission on Military Compensation, report due to the President by 3/15/78).
3. (6/15) (and Kreps) Comment on the letter from Senators Magnuson and Hollings on the Nation's ocean program -- In Progress, (Stu is drafting a PRM on this, expected 9/12).
4. (7/18) (Confidential) Check with the Attorney General and comment on Morris Dees memo concerning the death penalty in the United States -- In Progress, (expected 9/8).
5. (7/13) Prepare brief reply (re 7/29 letter from Humphrey et al concerning Alcan and Artic routes) -- In Progress, (expected 9/6, previously expected 8/31).
6. (8/5) I would like a study done to determine if the curriculum at the service academies can/should be more narrowly focused on their future careers. Advise -- In Progress, (study should be completed by 11/1/77).

7. (8/13) This doesn't seem right. Work on it. (Jack Anderson article on 8/13 re giant utilities "phantom taxes") -- In Progress, (expected 9/15).
8. (8/17) We can issue guidelines from me. Prepare draft. (H.R. 6689 - New Gift Procedure for foreign gifts) -- In Progress, (expected 9/8).
9. (8/15) (and McIntyre) Follow-up on 8/12 memo from Eizenstat concerning meeting with Alan Boyd -- In Progress, (with State, DOT, CAB, expected 9/15).
10. (8/22) Give the President a quick comment regarding the memo from Schlesinger on spent fuel policy -- Done.
(8/24) Consult with Schlesinger on spent fuel policy -- In Progress.
11. (8/22) Begin preparing for action regarding options to reduce oil imports -- In Progress, (expected 9/7).
12. (8/27) The President wants to see the text of the statement regarding agricultural policy decisions. Emphasize: *Love* stock levels, commitment to reserve, final decision later (before planting), one year duration with reassessment) -- Done.
13. (8/27) See the President regarding Justice and Agriculture making statements on bidding procedures for National Forest Timber -- In Progress.
14. (8/29) Advise regarding Bourne memo on report on International Food and Agriculture -- In Progress, (expected 9/6).
15. (8/31) The President has worked 7 months to get agencies out of EOP, now another is being recommended. How many people are involved in the Oversight Office regarding the review of security classification system memo?-- In Progress.

HARDEN:

1. (7/15) Route your memo on the Administrative Support Unit routinely so that the President can receive other comments -- In Progress, (with EOP Reorganization Unit).

JORDAN:

1. (2/25) Let's firm up the Renegotiation Board -- In Progress.
2. (5/15) (and the Vice President, Moore) Work out the Judicial Selection Committee in states with no Democratic Senators; let Democrats do it. Setting up top flight Selection Committee comes first -- In Progress, (10 of 13 announced).
3. (7/28) Need another report on appointments/vacancies on the Circuit, District and Special Courts -- In Progress.
4. (8/13) (and Eizenstat/Watson) Move on this. (John Portman letter of 8/11 re dinner in Washington for heads of major U.S. corporations to generate support for Central Cities of America) -- In Progress, (proposal to President expected 9/7).

LIPSHUTZ:

1. (2/18) (and Bell) You know of President's promise to make the Attorney General independent of White House influence and control. (7/7) Assess the President's campaign statements on the Attorney General. It was Bell's idea to begin with -- In Progress, (at Department of Justice, expected 9/14).
2. (8/1) Check on this briefly (information re Juanita Kreps/possible influence in bidding) -- In Progress, (expected 9/3).
3. (9/1) If the Gnann property is leased for 10 years,
 - a) would there be any need for present mobile homes?,
 - b) when would any additional building be located there?
 - c) what type of office space has been (or will be) provided for staff of Nixon and Ford? -- In Progress, (expected 9/6).

BRZEZINSKI:

1. (6/4) (and Chip, Bourne, Eizenstat) Get together and let the President know what we can do about world hunger -- In Progress, expected 9/12, previously expected 8/31).

2. (7/11) (and Brown) Keep the President informed about certification of qualifications of appointees to non-career jobs -- In Progress, (with DoD and CSC, expected in October).
3. (7/28) Assess briefly the number of federal employees abroad, the current number seems excessive. (7/30) OK - my concern is the large number of non-State Department personnel in our embassies -- In Progress, (with OMB and State, expected 10/1).
4. (8/1) (and Vance) I want every U.S. Ambassador to have a concise list of specific tasks or goals to be achieved within his/her assigned country. Please give me a few examples such as Zambia, Argentina, India, South Africa, Belgium, Republic of China, Philippines -- In Progress. (8/17) What I want is for every embassy to have a specific and current set of goals, such as the ones here for Spain and Venezuela. I want a copy in the White House -- In Progress, (expected 9/9).
5. (8/22) (and Aaron/Eizenstat) Regarding the comprehensive review of the classification system, big vulnerability is duplication of classified documents; what about this? Also, why not strengthen and leave in GSA regarding the location of the oversight office? -- Done. *done*
6. (8/24) (Brown) Send the President a brief summary of arguments against PHM; then see the President -- Done. *done*
7. (8/27) Without delay, prepare a one page talking paper for the President and the Vice President regarding the International Relations Committee -- Done. *done*
8. (8/30) (Brown) Why did we finance Israel's arms buying mission? Why are we financing or have we financed similar operations for other nations? -- Done. *done*
9. (9/1) Get briefing folders to the President as soon as possible for next week's visitors -- Message Conveyed. *done*

LANCE:

1. (7/11) Our emergency loan/grant criteria are too lax; check with Secretary Bergland -- In Progress, (interagency working group preparing options paper as part of '79 budget review, expected 10/15).

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2. (7/24) Have Jim and/or Harrison work with Sam Brown on the Citizen's Review Group -- In Progress, (expected 9/9).
3. (8/27) Prepare brief memo summarizing reorganization plans -- those approved and others in prospect. Indicate priority-time schedule, lead agency, etc. Send preliminary copy -- route memo through PRM process for information and comment by Cabinet and top staff -- Done. (preliminary copy). *done*

BOURNE:

1. (8/22) Is there any action that we can take regarding South Asian narcotics? -- In Progress, (expected 9/15).

FIRST LADY:

1. (8/4) Comment (re 8/2 memo from Jordan concerning two vacancies on Advisory Council on Historical Preservation -- In Progress, (expected 9/9, RSC working directly with Presidential Personnel Office on her recommendation).

VICE PRESIDENT:

1. (8/4) Strengthen for later release (end of August) (draft White House release re foreign intercept operations/commercial telecommunications) -- In Progress, (Vice President to discuss with President at 9/6 meeting).

SCHLESINGER:

1. (8/25) The President wants to be personally involved in the screening process and selection of your Assistant Secretary for International Affairs and for Nuclear Development -- Done. *done*

MOORE:

1. (8/29) Talk to the Speaker and to Foley concerning pesticides legislation; the President will help personally -- In Progress.

POWELL:

1. (8/22) Draft answer to 8/12 letter from Georgia State Senator Franklin Sutton -- In Progress.
2. (8/24) Call the editor and send letter regarding Watson/Frank memo concerning CHICAGO TRIBUNE article reporting disappointment with number of Cabinet members -- Expedite report to the President -- Done. *done*

SCHULTZE:

1. (8/24) Go ahead and prepare the economic impact statement for the President concerning the Senate Finance Committee proposal on Social Security financing and the statement to be given to Senator Long -- In Progress, expected 9/9).

BLUMENTHAL:

1. (8/18) Tentative OK only concerning Presidential welcome to IMF/IBRD; let the President see the remarks -- In Progress, (with Fallows, outline of speech for President's review on 9/7).

ADAMS:

1. (8/22) Keep the President informed about Amtrak heavy rail repair facility -- In Progress, (report of recommendations expected 10/1).

ATTORNEY GENERAL:

1. (8/3) Why not support this merit selection proposal? I'm for it. (re Germond & Whitcover column concerning merit selection of judges) -- In Progress, (status report expected from the Attorney General in Weekly Summary on 9/9).
2. (8/27) (and Lance) Assess present plans and projections and advise how alternatives can be used regarding prison construction -- In Progress, (expected 9/6 from OMB).

HARRIS:

1. (8/11) Push this. Work with Lehman, Pepper, Stone, Childs and condominium groups (re 8/3 memo concerning condominium recreation leases) -- In Progress, (HUD is preparing legislative package; expects to send to OMB within 2 weeks).

WATSON:

1. (8/27) David Pryor will help at the Southern Governors Conference and in Arkansas; same with Boren. Get information to them -- Done. *done*
2. (8/31) Prepare a night letter from the President to the 50 governors urging enforcement of the 55 m.p.h. speed limit; Adams will help draft. Mention monitoring of speed in individual states -- Done. *done*

HUGH CARTER:

1. (8/30) Make arrangements regarding President Ford's involvement in the signing ceremony for the Panama Canal Treaty -- In Progress. *done*

KRAFT:

1. (8/31) Let Bill Lynch come by the Oval Office to see the President -- In Progress.

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THE WHITE HOUSE

WASHINGTON

September 1, 1977

With respect to
item 3, I would
recommend that you
drop-in, if you can,
without a prior
commitment.

Ulg.

decline in 1978. He confirmed what Callaghan told Brewster recently: If the worldwide economic situation did not improve, pressures would grow in the UK for an alternative British strategy -- involving inflationary expansion at home and protectionism abroad. I pointed out that while the German record in 1977 will be dismal, expansionist measures to be decided by the German cabinet in September should produce a better record in 1978 and that British internal measures would also be essential in meeting the UK's problem.

But the essential point that Callaghan and Jay make is sound: The Summit growth and stabilization commitments are interdependent. If the strong countries' growth appears to falter, the weak countries' commitment to stabilization will be endangered. Callaghan is also right in thinking that Summits enhance the likelihood of sensible growth and stabilization policies: The impending German and Japanese stimulative decisions owe something to these countries' Summit commitments; the French, Italian, and British governments' adherence to painful stabilization policies was probably also strengthened by their Summit pledges. From that standpoint a spring 1978 Summit may make sense.

3. Post-Summit Review. Jay made clear that the British want the International Summit Group (which will meet here September 30) to take its review of post-Summit progress seriously, in order to underline the commitment of Summit governments to effective follow-through. The US shares that interest. To dramatize this fact, I recommend that you meet briefly with the twenty-odd senior officials of the Summit governments who make up this Group at the end of their meeting September 30. You could come into the Roosevelt Room to tell them how important you think their work is and perhaps hear a brief report of what they've been doing. Resulting media stories would underline the US commitment to Summit follow-up and to close US-European-Japanese relations. Summitry is on the whole a useful aspect of US foreign policy, and we should not be bashful about bringing this fact to public attention. If you approve, I will discuss details with Tim Kraft's staff.

_____ Approve planning for a brief Presidential meeting
with the International Summit Group

_____ Disapprove

DECLASSIFIED
Per, Rac Project
ESDN: NLC-126-9-10-1-0
BY 125 NARA DATE 3/13/13

THE WHITE HOUSE
WASHINGTON

September 2, 1977

Bob Lipshutz

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: THE REGENTS OF THE UNIV. OF
CALIFORNIA V. ALLAN BAKKE

THE PRESIDENT HAS SEEN.

To Lipschutz
good
J

No. 76-811

IN THE SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1977

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, PETITIONER

v.

ALLAN BAKKE

ON WRIT OF CERTIORARI TO THE
SUPREME COURT OF CALIFORNIA

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

GRIFFIN B. BELL,
Attorney General,

WADE H. MCCREE, JR.,
Solicitor General,

DREW S. DAYS, III,
Assistant Attorney General,

LAWRENCE G. WALLACE,
Deputy Solicitor General,

FRANK H. EASTERBROOK,
Assistant to the Solicitor General,

BRIAN K. LANDSBERG,
JESSICA DUNSAY SILVER,
Attorneys,
Department of Justice,
Washington, D. C. 20530.

1150 A.M.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 1, 1977

FAREWELL PHOTO WITH WARREN L. (BILL) GULLEY

Friday, September 2, 1977
11:50 a.m. (3 minutes)
The Oval Office

From: Hugh Carter *pl.*

I. PURPOSE

Farewell photograph

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Bill Gulley began his White House service in 1966 as Administrative Assistant to the Armed Forces Aide to the President while a Marine Corps Sergeant Major. He retired from the Corps after 29 years in 1968, remaining at the White House to serve as Executive Assistant, and later Deputy, to succeeding Military Assistants until appointed as the first civilian head of the White House Military Office on July 1, 1976.

B. Participants: Bill Gulley
Nancy Gulley (wife)
Kimberly Gulley (granddaughter)

C. Press Plan: White House Photographer only

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THE WHITE HOUSE
WASHINGTON

September 2, 1977

Stu Eizenstat
Charlie Schultze

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Frank Moore

RE: ANALYSIS OF MOYNIHAN'S PAPER

THE WHITE HOUSE
WASHINGTON

9-2-77

To Schultze
Eizenstat

I need an analysis
of Maymahan's paper on
New York's deficit
re federal govt
programs.

He has called me
twice about it.

J.C.

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

9
1

September 2, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: CHARLIE SCHULTZE CLS

The data on black unemployment, especially black youth, are subject to erratic variation from month to month because of sampling errors. As a consequence, one month's changes may not mean much.

From the data in the attached table, however, we can draw several conclusions.

- o Measured from April to August the rise in black unemployment rates is dramatic: but the April statistics are probably erroneously low and the August estimates erroneously high.
- o Even after allowing for such random errors, however, black unemployment rates have been drifting up for the past four to five months, while white unemployment rates have been drifting down.

To summarize our earlier conversation, we need to do three things:

- a. Find out why black unemployment has been drifting up in recent months;
- b. See what can be done to use existing Federal programs, especially the stimulus programs, more effectively for minorities; and
- c. Examine new ways of doing something about the scandalously high level of black youth unemployment.

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Unemployment rates (seasonally adjusted)

	Black & Others			White		
	<u>Total</u>	<u>Adult</u>	<u>Teenagers</u>	<u>Total</u>	<u>Adult</u>	<u>Teenagers</u>
July <u>76</u>	12.9	11.0	34.2	7.1	6.1	16.2
August	13.6	11.1	40.0	7.1	6.1	17.1
Sept.	12.8	10.5	38.3	7.2	6.2	16.6
Oct.	13.4	11.2	38.0	7.2	6.2	16.8
Nov.	13.5	11.3	36.5	7.3	6.2	17.2
Dec.	13.4	11.4	34.8	7.1	6.0	17.2
Jan. <u>77</u>	12.5	10.5	36.1	6.7	5.5	18.1
Feb.	13.1	11.1	37.2	6.7	5.7	16.3
March	12.7	10.4	40.1	6.6	5.5	16.6
April	12.3	10.3	36.2	6.3	5.2	16.1
May	12.9	10.8	38.7	6.2	5.2	15.7
June	13.2	10.7	39.4	6.3	5.3	16.1
July	13.2	10.5	40.7	6.1	5.2	14.3
August	14.5	11.9	40.4	6.1	5.2	14.7

THE WHITE HOUSE
WASHINGTON

September 2, 1977

The Attorney General

The attached was returned
in the President's outbox today
and is forwarded to you for your
information.

Rick Hutcheson

RE: FINANCING OF DEFENSE SERVICES
FOR THE ISRAEL PROCUREMENT
COMMISSION

THE WHITE HOUSE
WASHINGTON

September 1, 1977

Mr. President:

You requested the attached
from Secretary Brown.

A handwritten signature in dark ink, appearing to be 'Zb.', written over the printed name.

Zbigniew Brzezinski



THE PRESIDENT HAS SEEN.

THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

cc Griffin Bell
info
J. C.

31 August 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Financing of Defense Services for the Israel
Procurement Commission

Your note of yesterday to Harold Brown asked the following questions:

a. Why did we finance Israel's arms buying mission?

In December 1975 the Israeli government was experiencing a severe cash flow problem and requested U.S. assistance in financing its Ministry of Defense procurement office. It was determined at that time that the financing requested was appropriate, in the U.S. interest and within the provisions of the Foreign Military Sales Act. The Defense Security Assistance Agency letter, establishing the arrangement, is attached.

b. Are we financing or have we financed similar operations for other nations?

We have not financed similar operations for other nations, nor have any requested such arrangements. However, all countries involved in the FMS Program are using their credits for similar services. In most cases, DoD provides these administrative services for the purchaser and is reimbursed by a surcharge applied to the sale. Credit financing is used if the sale is a credit sale. Israel has been the only foreign purchaser with a procurement agency in the United States large enough to contract directly with the various suppliers.

Charles Duncan

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OFFICE OF THE DIRECTOR DEFENSE SECURITY ASSISTANCE AGENCY
AND
DEPUTY ASSISTANT SECRETARY (SECURITY ASSISTANCE), DASD/ISA
WASHINGTON, D.C. 20301

19 DEC 1975

In reply refer to:
I-13215/75

Mr. J. Ciechanover
Government of Israel
Ministry of Defense
Suite 607
850 Third Avenue
New York, New York 10022

Dear Mr. Ciechanover:

In response to your inquiries of 17 December 1975, it has been determined that the use of DOD direct or guaranteed credit funds for the following purposes is appropriate and consistent with the terms of the applicable credit agreements:

- Payment of operating expenses, excluding salaries of Israeli personnel, related to your Government's Ministry of Defense office in New York City.
- Procurement of defense articles from a U.S. manufacturer who either produces or procures less than 50 percent of the parts, components, or sub-systems of an end item outside the United States.

Examples of operating expenses that may be paid with available credit funds are: rent, utilities, maintenance of facilities and equipment, office supplies and equipment, contractual services, consultation fees, and traveling expenses within the U.S. It should be noted, however, that such expenses should pertain solely to the operation of the Israeli Ministry of Defense and should be procured in a manner consistent with the terms of the applicable credit agreements.

Invoices and other such documentation in support of the operating expenses that are to be paid with credit funds should accompany your requests for payment. This documentation should be batched in a manner that will permit correlation with your requests for payments and promissory notes.

ATTACHMENT 2



In the event defense articles are procured from a U.S. manufacturer who produces or procures less than 50 percent of such articles outside the U.S., credit funds may be disbursed to the prime U.S. contractor but may not be disbursed directly to foreign sub-contractors except under the provisions of Section 42 of the Foreign Military Sales Act, as amended.

Sincerely,

SIGNED,

H. M. FISH

Lieutenant General, USAF
Director, Defense Security Assistance Agency
and
Deputy Assistant Secretary (ISA), Security Assistance

THE WHITE HOUSE
WASHINGTON

8/30/77

To Harold Brown

- a) Why did we finance
Israel's arms buying mission?
- b) Are we financing or
have we financed similar
operations for other nations?

J. C.

1045 a.m.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

September 1, 1977

MEETING WITH WILLIE NELSON

Friday, September 2, 1977

10:45 a.m. (5 minutes)

The Oval Office

From: Kathy Baker

PURPOSE AND BACKGROUND:

Willie Nelson is a well-known country-western singer and one of the most prolific songwriters around. Originally out of Nashville, Willie is now based in Austin, Texas and has played all over the U.S.

Often in the past Willie has done benefits for political and/or worthwhile causes. He could be of great help especially in Texas in coming election campaigns. He is Darryl Royal's best friend.

As further background, Susan Clough has been provided with two Willie Nelson albums. (Available Friday a.m.)

No press is planned.

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X

THE WHITE HOUSE
WASHINGTON

September 2, 1977

Jane Frank

The attached was returned
in the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: The First Lady
Senator Byrd

RE: VISIT BY SENATOR BYRD'S
GRANDCHILDREN



THE WHITE HOUSE
WASHINGTON

9-2-77

To Jane Frank

Please work out
with Rosalynn & Sen.

Dyrd a visit by
his grandchildren to
visit Amy -

J. C.

cc: Rosalynn
Sen R. Dyrd

1055 a.m.

C

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 31, 1977

FAREWELL PHOTO WITH CLARA HYATT

Friday, September 2, 1977
10:55 a.m. (3 minutes)
The Oval Office

From: Hugh Carter *pl*

I. PURPOSE

Farewell photograph

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: Clara has been in the Correspondence Section of the White House since April 1963. She was Chief of Correspondence from January 1973 until her retirement in June of this year.

B. Participants: Clara Hyatt
Harold Hyatt (husband)

Staff: Bob Linder

C. Press Plan: White House Photographer only

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THE WHITE HOUSE
WASHINGTON

September 2, 1977

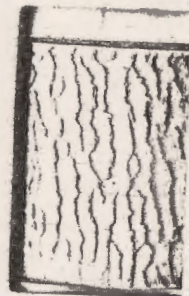
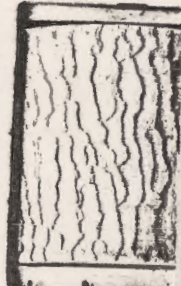
Zbig Brzezinski

The attached was returned
in the President's outbox today
and was forwarded to Bob Linder
for appropriate handling.
This copy is forwarded to you
for your information.

Rick Hutcheson

RE: LETTER OF SUPPORT ON THE
PANAMA CANAL TREATIES FROM
AMBASSADOR LODGE

CC: Bob Linder



X

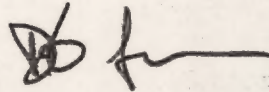
THE WHITE HOUSE

WASHINGTON

ACTION

September 2, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: Zbigniew Brzezinski 

SUBJECT: Letter of Support on the Panama Canal
Treaties from Ambassador Lodge

Attached is a letter from Ambassador Henry Cabot Lodge supporting your efforts toward the new Canal treaties (Tab B). He has indicated that he has no objection to his letter being made public, if you wish.

A reply has been prepared for your signature at Tab A.

RECOMMENDATION:

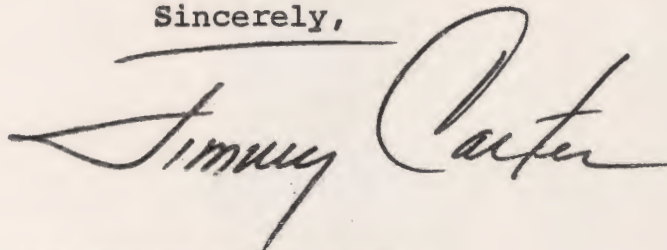
That you sign the reply at Tab A.

THE WHITE HOUSE
WASHINGTON

To Ambassador Henry Lodge

Thank you for your letter of August 17. I very much appreciate your support for the new Canal Treaties. An active educational role by our nation's most experienced diplomats and statesmen is crucial to passage of these Treaties, which are so clearly in our national interest. Your endorsement of the Treaties will, I know, contribute to their ratification; to this end, I hope you will share your views with the Senate.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Henry Cabot Lodge
275 Hale Street
Beverly, Massachusetts 01915

Henry Cabot Lodge

Beverly, Massachusetts
August 17, 1977

The Honorable Jimmy Carter
President of the United States
The White House
Washington, D. C.

Dear Mr. President:

Your statement about the new Panama Canal treaties gives strong reasons for supporting them. Clearly the treaties will be good for the United States, militarily, economically and as regards our foreign relations. I am glad to support your efforts to bring about their ratification and congratulate you for the forthright way in which you are exercising your leadership.

With respectful regards,

Very sincerely yours,

Henry Cabot Lodge

THE WHITE HOUSE
WASHINGTON

September 2, 1977

Hamilton Jordan

The attached is being
forwarded to the President today.
This copy is forwarded to you
for your information.

Rick Hutcheson

RE: LETTER FROM HENRY CABOT LODGE
IN SUPPORT OF PANAMA CANAL
TREATIES

THE PRESIDENT HAS SEEN,

THE WHITE HOUSE

WASHINGTON

September 3, 1977

done
J

Mr. President

Dr. Schlesinger called. He's back
from Canada and asks that you give him
a call so he can report.

He's in the office.

fran

**Electrostatic Copy Made
for Preservation Purposes**

X

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 2, 1977

C

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *C/S*

Subject: The U.S. Economic Stake in Latin America

I hope the following information is useful in making your case for the Canal treaty.

U.S. Investment Activity in Latin America

As of the end of 1975 one-fifth of U.S. overseas investments were in Latin America:

	<u>1975</u>
U.S. Assets in Latin America	\$68 billion
(Direct investment)	(\$22 billion)
(Other private assets <u>1/</u>)	(\$37 billion)
(Government assets)	(\$9 billion)

1/ Includes net loans by overseas branches of U.S. banks.

Latin America residents, in turn, had total investments of \$20 billion in the United States, leaving a U.S. net investment position vis-a-vis Latin America of \$48 billion. Partial data indicate that U.S. investments in Latin America grew by at least \$8 billion last year.

Earnings from U.S. investments in Latin America contributed \$5 billion to U.S. current account receipts in 1976 (\$4 billion, net of income payments to Latin America):

	<u>1976</u>
Receipts of income on U.S. assets in Latin America	\$5 billion
(Direct investment)	(\$2 billion)
(Other private investments)	(\$3 billion)
(Government investments)	(\$0.3 billion)

An additional \$1.5 billion in retained earnings accrued to U.S. investors during 1976.

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Trade With Latin America

Latin America bought 15 percent of all U.S. merchandise exports in 1976 and provided 14 percent of our imports. The relative importance of Latin America in our invisible trade (transportation, freight, tourism, etc.) was even greater.

	<u>1976</u>
Exports to Latin America	
Merchandise	\$17 billion
Invisible (ex.investment income)	\$ 4 billion
Imports from Latin America	
Merchandise	\$17 billion
Invisible (ex.investment income)	\$ 4 billion

Latin American countries are major suppliers of important raw materials:

	<u>1976</u>	
	<u>Value of Imports</u>	<u>Latin American share</u>
	<u>from Latin America</u>	<u>of total U.S.imports</u>
Petroleum and products	\$4,080 million	12 percent
Steelmaking materials	500	24
Copper	180	21
Tin	70	17
Zinc	70	13
Lead	40	41
Miscellaneous non-ferrous metals	170	27

THE PRESIDENT HAS SEEN

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

C

ADMINISTRATIVELY CONFIDENTIAL

September 2, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE

SUBJECT:

Weekly Legislative Report

--Attached at the end of this report is an informal agency listing of their legislative priorities. You will have a separate report on the Clinch River Breeder.

1. HOUSE AGENDA FOR THE REMAINDER OF 1ST SESSION

--Last week, our staff met with Irv Sprague of the House Leadership staff to go over the House legislative agenda for the remainder of this session. Assuming an October 21 adjournment, the House has 26 legislative days for floor activity. "Must" legislation includes about 4 days for the 2nd Budget Resolution (first week back plus one day of the following week) and at least 1 day for the Obeys Commission Report (internal House reforms). Other legislation that must be considered in the remaining 21 legislative days includes six Appropriations measures (Labor/HEW Conference Report; Foreign Assistance Conference Report; Defense Conference Report; HUD Conference Report; D.C. Appropriations; and the Supplemental Appropriations bill which would possibly include the cruise missile add-ons). In addition, there are 33 expiring authorization bills, some in conference, which must be considered. The Speaker also hopes to take up a conference report on the energy plan before the session is over.

--Twelve additional bills have been granted a rule from the Rules Committee for floor consideration and 19 other bills have been reported by various committees and are pending before the Rules Committee. There are five other major bills that chairmen of the committees plan to report. There are 7 additional bills which are in conference.

--Of the twenty measures listed in last week's report on legislative priorities, five bills are not included in the above categories. These five are Hospital Cost Containment, Corporate Bribery, Public Officials Integrity Act, Oil Spill Liability, and CHAPS (Child Health Assessment Program). Irv Sprague also listed 103 other measures that either have been or are likely to be reported by committees and the CHAPS legislation is the only bill of the five listed above that is not included.

--In addition, the B-1 bomber recission would be reported from the Appropriations Committee only after a favorable House vote on the issue during consideration of the DOD Appropriations Conference Report. Also, the AWACS sale will either be approved in Committee or reported out as a disapproval resolution, (Irv Sprague listed AWACS as one of the five major measures to be reported out of Committee).

--The Rules Committee will continue to grant rules for measures throughout the end of the 1st session in anticipation of early floor action at the beginning of the 2nd session.

--The official weekly House schedule will continue to be set each Thursday or Friday of the preceding week, and usually the official schedule is much more ambitious than what the House actually accomplishes in a week.

2. 2ND BUDGET RESOLUTION

--Prior to the recess, both Budget Committees had reported out their respective versions of the Second Budget Resolution for FY 1978. OMB reports the number totals look as follows:

	(\$ in billions)		
	President's Mid-Session Review	House Budget Committee 1/	Senate Budget Committee
Receipts-----	401.4	399.9	395.0
Outlays-----	462.9	458.5	459.0
Deficit-----	-61.5	-58.6	-64.0
Budget Authority.	504.3	509.8	501.1

1/ Final numbers, that reflect technical staff changes to the amounts adopted.

--According to OMB, the major sources of difference between the Mid-Session receipt and outlay estimates and the Congressional totals do not appear to reflect differing policy assumptions between the Administration and Congress. For example, \$5.2 BILLION of the \$6.4 BILLION difference between the Senate receipts and OMB's estimates is attributable to differing economic assumptions. In terms of outlays, the House and Senate marks are both roughly \$7 BILLION under OMB's estimates because of estimating and accounting differences including congressional assumption of continued outlay shortfall. These reductions are offset by some policy add-ons, but much of these are attributable to completed action on FY 1978 Appropriations bills whose impact was not assumed in the July 1 budget update. HEW advises that the Administration's social security financing program is not incorporated in the Senate version of the resolution.

--Budget authority figures differ from OMB estimates in part due to two key items. Both Houses added \$3.8 BILLION for forward funding of public service jobs and both included funding for GNMA weatherization loans (\$5 BILLION in the House and \$2 BILLION in the Senate).

--The House Committee is planning to offer two Committee amendments on the House floor. One would adjust the Resolution to be consistent with House action on the energy bill by cutting receipts by \$1.8 BILLION reflecting failure of the gasoline tax and the aviation fuel tax. The second would raise the National Defense target by \$500 million in budget authority to be compatible with conference action on the FY 78 Defense Appropriations bill.

--In addition, Bruce Caputo (R-N.Y.) may offer an amendment to reduce budget authority by \$144 million for military and economic assistance for South Korea. There may also be an amendment to increase funds for veterans programs, and Republicans most likely will offer "budget-balancing" amendments. Other amendments could also come up.

--In the Senate, the following amendments may surface: 1) a Long amendment to permit more energy tax incentives; 2) a Long amendment to add more funding for social security

programs; 3) a Cranston amendment to take account of possible increases to the minimum wage; 4) Talmadge may offer an amendment to adjust agriculture spending to be consistent with implementation of the pending farm bill. Also, Agriculture reports that Muskie may move to re-commit the Farm Bill Conference Report on the grounds that it exceeds the Budget Resolution figure by approximately \$700 million.

--Both the House and Senate Budget Committees will meet next week to finalize their strategies prior to floor action on the resolution, scheduled in both Houses next week.

3. ENERGY

Non-tax Portions: On Wednesday, September 7, the coal conversion sections of the National Energy Act will be considered on the Senate floor. DOE reports there are several amendments pending, the most interesting of which is a Kennedy amendment calling for a moratorium on the acquisition of coal companies by diversified energy companies leading to a prospective prohibition of such acquisitions in the future if certain guidelines are not met. The amendment has been softened considerably from its original character. DOE reports the Administration has not yet determined its position on the amendment.

--On the same day, there will be a hearing on the utility rate reform aspects of the NEA in the Senate Energy Committee.

--On Thursday, September 8, the Senate Energy Committee will mark up the natural gas provisions of the NEA, with a 9 to 9 split presently predicted as an outcome. This will be sufficient to report the Administration bill to the Senate floor, where, at this time, it would appear we are 4 or 5 votes short of those needed for passage.

--Utility Rate Reform hearings in the Jackson Committee will probably continue on Friday, September 9, as will the natural gas mark up.

--Secretary Schlesinger is scheduled to address the Senate Democratic Caucus on September 8 under the auspices of Majority Leader Byrd.

Taxes: There is no Finance Committee consensus except on the following items: the gasoline tax is dead; the gas guzzler tax should be strengthened; and the rebate, except to the poor, is dead.

--The primary criticism among Committee members about the plan is that it lacks production incentives. Chairman Long has not come up with concrete alternative approaches, so the Committee is floating now. White House congressional liaison has suggested that Secretary Schlesinger call on Chairman Long and other Committee members as soon as the Congress returns next week. If any clear signals come out of these meetings, you may find it useful to consult with Long later in the week, perhaps over lunch or dinner. Senator Long is definitely the key.

--Because both the Committee and the Senate perceive that the Administration is not emphasizing production, we recommend that Secretary Schlesinger and you strongly emphasize the Administration's R&D activities and/or incentives in alternative energy sources such as shale, geothermal, solar, geopressurized brine, and the OCS as well as the production incentives for oil and gas already provided in the plan.

4. SOCIAL SECURITY FINANCING

--The Finance Committee could mark up this bill on Thursday afternoon. In July, the Committee informally voted 13 to 3 against general revenue funding. Most Committee

members are concerned that if general revenues are ever tapped, even for emergency purposes only, it will be impossible to prevent increased use of general revenues to finance benefit increases with two results -- the fund will never be actuarially sound because a worker's benefits will not be tied to his contribution and the moderating discipline of financing each benefit increase with a commensurate tax increase will be lost.

--The proposal which the Committee will act upon provides for a one-shot increase in the employer's tax (as opposed to a phase-in under our plan).

5. H.R. 7200

--HEW reports that the Finance Committee will mark up this Administration-opposed bill along with social security financing on Thursday and that the two may be linked. According to HEW, Senator Long has said that before we can think seriously about welfare reform, we should pilot test our proposals and that the only welfare reform in the next several years will be that which is contained in H.R. 7200. HEW advises the bill will include some "welfare reform" provisions that are favorites of Senator Long and strongly opposed by the Administration.

6. FULL EMPLOYMENT

--The Humphrey/Hawkins full employment issue is heating up to a point where you will have to make a decision. The Humphrey/Hawkins bill is obviously not acceptable to the Administration and both Congressman Hawkins and Senator Humphrey are not going to continue to be patient. The main stumbling block appears to be Leon Keyserling who is an economist, a free agent, the author of the bill, and who is unwilling to compromise. He also has a great deal of influence with Gus Hawkins.

--Next week is Full Employment Week and there will be demonstrations nationwide for full employment (Thursday is Washington demonstration day). It is also the number one priority for the Black Caucus, AFL-CIO and civil rights groups.

7. DOD APPROPRIATIONS CONFERENCE REPORT

--The House is scheduled to take up the Conference Report on the Appropriations bill on September 8. During floor action on the Report a vote is expected on deletion of the B-1 procurement funding.

--DOD advises that some of the key results of Conference action, prior to the recess, included the denial of consolidation of Undergraduate Helicopter Pilot Training; deletion of long lead funding for a fourth nuclear carrier; full funding for the Ballistic Missile Defense request; full funding for the A-10 and F-16 aircraft and for EF-111 modifications; funds for 97 F-15s (more than requested); \$15 million for Project Seafarer; and certain restrictions on contracting out for base operating support.

--With respect to the separate vote on B-1 funding, a strong vote of support for your B-1 decision is important, both for political reasons and for its impact on two bills -- FY 1977 B-1 Rescission request and the FY 1978 Supplemental Authorization bill (cruise missiles) -- both are still pending in committees in both the House and Senate. We will need a 34 vote switch from the previous House vote on the issue this year. White House congressional liaison will test the sentiments of some key swing Members prior to the vote next week.

8. MINUTEMAN III RESCISSION (FY 1977)

--Rep. Jack Kemp (R-N.Y.), prior to the recess, had enough votes in the Appropriations Defense Subcommittee to turn down the rescission request. Upon reconvening, the Subcommittee is expected to address the request and forward its recommendation to the full Committee. DOD believes we have enough votes in the full Appropriations Committee to sustain the request, but they advise it will be a tough issue because of the intense interest of some of the minority Members and others, both on economic grounds and because of their perceptions concerning the longer-run implications of closing the Minuteman III line.

9. FOREIGN ASSISTANCE APPROPRIATIONS CONFERENCE BILL

--AID reports that the House conferees have not yet been named. The ranking Appropriations Subcommittee Republican, Rep. Bill Young, Fla., may offer a motion before the full House to instruct the conferees to insist on his amendment to impose conditions on U.S. contributions to multilateral institutions. This motion would require a set-aside of time to dispose of the motion by a vote on the floor, thus delaying the conference. AID does not expect the conference to take place until the week of September 12.

--If Rep. Young offers his motion, AID will be working in concert with State and Treasury to defeat it.

10. EXTENSION OF THE FEDERAL INSECTICIDE, AND RODENTICIDE ACT

--This legislation, a simple funding authority extension for EPA's pesticide programs, is tentatively scheduled for House floor action next Friday. According to OMB, the Administration supports enactment of the bill, but strongly recommends that the authorizing levels for FY 1978 be increased to \$54.5 million (instead of \$49.3 million as contained in the extension), as provided in the Administration's FY 1978 budget request.

--Dawson Mathis is proposing an amendment to allow either House to veto any pesticide regulations issued by EPA. Such a provision attached to the pesticide law could have a disastrous effect on EPA's ability to assure that these toxic chemicals are adequately tested and properly handled to protect the innocently exposed public and the environment. Because of the substantive nature of this one House veto we are asking the Leadership and Foley, who is supportive, to help us defeat the amendment.

11. MISCELLANEOUS INTELLIGENCE

--According to press accounts of the Southern Governors Conference, Jim Wright said your first six months deserve a B plus while scoring congressional performance at about a B minus. John Rhodes said that on a scale of 1 to 10, he'd give Congress a 3 and the Administration a 2.

--Rep. Lud Ashley is very concerned that Secretary Harris consult with him on the urban policy initiatives.

--Senator Muskie is very concerned about the budgetary impact of the farm bill.

--SBA says they will be out of disaster relief funds by October 1 and that they will not have funds to cover any potential hurricane disasters. SBA has a \$1.2 BILLION supplemental appropriation request pending at OMB.

--Hospital Cost Containment is not generally perceived as a high Administration priority on the Hill.

--Senator Abourezk is giving us trouble on two Interior nominations for Assistant Secretary slots -- Bob Mendelsohn and Forrest Gerard. The Senator has demanded FBI papers on Gerard, but Bob Lipshutz has initially refused because Gerard's background is not controversial. The Senator also threatens to hold up Mendelsohn's confirmation because of lingering doubts about the nominee's campaign finances in California. We are working with the Senator to solve these problems.

FLOOR ACTIVITIES FOR WEEK OF SEPTEMBER 7

House

Wednesday --Second Concurrent Budget Resolution. General debate only.

Thursday --Second Concurrent Budget Resolution. Continue consideration.

--H.R. 6683, Earthquake Hazards Reduction Act.

Bill Summary: The bill establishes an earthquake hazards reduction program including research, implementation and organization elements. According to OMB, the Administration supports enactment of the bill, but would prefer deletion of the requirement that the President submit to the Congress an explanatory report in cases when Executive actions mandated by the bill are delayed by more than 30 days.

--H.Res. 70, Establishing a Select Committee on Population.

Friday --H.R. 7073, Extension of the Federal Insecticide, Fungicide, and Rodenticide Act.

--H.R. 4740, Marine Mammal Protection Act Authorization.

Bill Summary: The bill extends the authorization period for the Marine Mammal Protection Act of 1972 through FY 1978 and authorizes appropriations for 1977 and 1978. According to OMB, the Administration has no objection to the bill.

--H.R. 5798, Rail Public Counsel Authorization.

Bill Summary: The bill authorizes \$1 million for FY 1978 for the Office of Rail Public Counsel with the Interstate Commerce Commission. According to OMB, the Administration has no objection to the bill. However, this office would become part of the new consumer agency, when and if it is established.

Senate

--The Senate convenes at noon on Wednesday. The first item of business will be the Coal Conversion bill which probably will not be disposed of until Thursday. Then the Second Concurrent Budget Resolution will be considered, followed by possible action on the Energy Conservation bill. The Energy Conservation bill includes Energy Conservation Program for Existing Residential Buildings, Energy Efficiency of Consumer Products, and Federal Energy Initiatives (Parts A, B and G of the non-tax provisions of the National Energy Act).

THE WHITE HOUSE
WASHINGTON

September 2, 1977

Frank Press -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Administration Space Policy

cc: Stu Eizenstat
Jack Watson
Bert Lance
Fran Voorde

THE PRESIDENT HAS SEEN.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

August 30, 1977

*Frank - use
I agree -
this suggested
procedure
JC*

MEMORANDUM TO THE PRESIDENT
FROM: Frank Press *FP*
RE: Administration Space Policy

Congress, aerospace workers, NASA, the public are awaiting your guidance regarding civil space programs. The NASA Administrator, Bob Frosch, is in the difficult position of being unable to articulate Administration policy in the absence of guidelines from you.

The budgetary process, over the next five months, is the best way for you to assess your options and to reach decisions on NASA programs. However, without posing a threat to your budget, it is possible to set positive and distinctive Carter Administration guidelines based on views you have already stated:

- ° Defer large-scale new technology (e.g. space stations) in order to understand the potential and effectively exploit the remarkable technology already developed
- ° Enter a phase of employing space for the good of mankind - mineral exploration, environmental monitoring, agricultural assessment, weather and climate forecasting, communication, land use decision-making
- ° NASA technology in aid of developing countries
- ° Balanced program of space applications (e.g. LANDSAT, cost effective use of shuttle for civil and DOD programs) and space science

A meeting with Dr. Frosch in September, involving a positive, general, private statement from you along the above lines will improve NASA morale and signal that you believe a constructive space program is possible within your budgetary constraints. He could then respond with greater assurance to inquiries about NASA's future. Bob is reviewing the NASA organization, particularly the ten field centers, questioning the reason for existence of each facility.

I sense a resurging national interest as evidenced by:

- ° front page and network coverage of the Shuttle and Voyager
- ° Congressional support of NASA budgets (e.g. the recent overwhelming House vote for the Jupiter Orbiter Probe, overruling the Appropriations Committee)

- ° 60,000 viewers of Shuttle glide in the California desert
- ° over 8 million visitors per year to Air and Space Museum (three and four times the number of visitors to the White House and the Washington Monument, respectively)
- ° large national following of the Star Wars, Star-Trek films
- ° Governor Jerry Brown has moved to establish a position as a leading advocate of space programs. Motivated, of course, by aerospace jobs in California, he also speaks of growing national interest.

NASA represents the best of American technology. Fiscally sound programs that meet your criteria can excite the imagination of the American people and give them pride of achievement. NASA's programs also give the U.S. a highly favorable image abroad.

STAFF COMMENTS

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

1 September 1977

TO: THE PRESIDENT
FROM: RICK HUTCHESON *RH*
SUBJECT: Comments on Frank Press Memo

Jordan, Eizenstat and McIntyre concur with Press. Watson has no comment.

Congressional liaison observes that the California congressional delegation strongly opposes cutbacks in the space program.

McIntyre agrees with the broad guidelines for NASA suggested by Press, but suggests that the President's guidance be provided on a private basis at present. Other OMB comments:

- it is possible to reduce Federal funding of NASA for the next 4-5 years, and at the same time increase the applications of space technology to practical and scientific objectives;
- however, successful technology development raises difficult issues with respect to Federal vs. private sector roles;
- the idea of using NASA technology to aid developing countries may be an example of "a solution in search of a problem"; and finally,
- "the President's flexibility on Space Shuttle options should be preserved in recognition of the questions he has raised about the system's cost-effectiveness."

Eizenstat concurs with the guidelines suggested by Press, but doubts that the budget process is the best way to decide space issues. He suggests that the President consider an interagency review, perhaps headed by Frank Press, on the future of NASA -- given the absence of an Administration space policy at this time.

Kraft concurs with a meeting between the President and Dr. Frosch in late September.

THE WHITE HOUSE

WASHINGTON

Date: August 30, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat *attacked*
Hamilton Jordan *concur*
Frank Moore *attacked*
nc Jack Watson *attacked*
Bert Lance Zbig Brzezinski
Charlie Schultze *nc by phone*

FOR INFORMATION:

The Vice President
Jody Powell

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Press memo dated 8/30/77 re Administration Space Policy

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Thursday

DATE: September 1, 1977

ACTION REQUESTED:

☒ Your comments
Other:

STAFF RESPONSE:

☐ I concur. ☐ No comment.
Please note other comments below:

*add:
Place for
A person
responsible
for going in*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

LB
HJ

I would agree a meeting with Frosch is both a good idea and rather over-due, as long as there are no budgetary implications. Also we should be getting some publicity on space efforts to counteract the stuff Jerry Brown is getting out in California, and a show of interest by the President (Frosch can bring models, et inc. and have nice pictures made) would be productive. He might also think of visiting NASA and/or Goddard Space Flight Center--that would be a tremendous boost to NASA morale and he probably would enjoy it..seeing the tracking systems, etc.

E.

Date: August 30, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Hamilton Jordan
Frank Moore
Jack Watson
Bert Lance Zbig Brzezinski
Charlie Schultze

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THE WHITE HOUSE

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August 30, 1977

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Date: August 30, 1977

MEMORANDUM

FOR ACTION:

~~Stu Eizenstat~~
Hamilton Jordan
Frank Moore
Jack Watson
Bert Lance Zbig Brzezinski
Charlie Schultze

FOR INFORMATION:

The Vice President
Jody Powell

491

XC *Cap Stern*

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☐ No comment.

Please note other comments below:

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INFORMAL AGENCY LISTINGS OF LEGISLATIVE PRIORITIES

ACTION	<u>Priority</u> -- Foreign Assistance Appropriations which contain Peace Corps appropriations
Agriculture	<u>First Session</u> -- Reform of Federal Crop Disaster Insurance Protection -- Modification of Farm and Rural Housing Loan Programs <u>Second Session</u> -- Reform of meat and poultry inspection procedures -- Revisions in foreign food aid -- Improvement of agricultural export promotion efforts -- Reform of child nutrition and school lunch programs <u>Possible Proposed Legislation</u> -- REA loan program -- National Forest timber sales -- Various rural housing and rural development programs
Civil Service Commission	<u>First Session</u> -- Federal Wage System improvements -- Repeal of Apportionment -- Grade and salary retention -- Proposal for an Executive Service for Government Executives <u>Second Session</u> -- Reorganization Plan to clarify organization roles and responsibilities for personnel matters -- Veterans Preference Act Amendments -- Appellate, complaints and disciplinary systems -- White-collar and physicians pay proposals -- Labor-management relations -- Inter-governmental personnel program
Commerce	<u>First Session</u> -- Cargo preference -- Foreign corrupt practices -- Marine Mammal Act appropriations authorization extension -- Oil spill liability -- MarAd appropriations authorization -- National Energy Act -- Reorganization Plan No. 1 of 1977 -- Consumer Protection Agency -- OPIC Extension -- EX IM Bank Extension

Community Services Administration	<u>First Session</u> -- CSA reauthorization -- Amendment to Federal Property and Administrative Services Act <u>Second Session</u> -- Appropriations -- CSA reauthorization (may carry over from first session)
Defense	<u>Priority</u> -- Conference Report on DOD appropriations -- DOD supplemental authorization and appropriations (cruise missile add-on) -- Minuteman Three recission -- B-1 recission -- Extend doctors' bonus programs (the programs expire this year, but both Houses added provisions opposed by DOD)
Energy	<u>Priority</u> -- Energy bill -- Deauthorize the Breeder in the House -- Deadline for decision on the Alaskan Gas Pipeline is September 1
Environmental Protection Agency	<u>Priority</u> -- Water Pollution Control Amendments -- Pesticide Act amendments -- Drinking water legislation
General Services Administration	<u>Priority</u> -- Authority for multi-year Automated Data Processing leasing -- Authority for 20-year public utility contracts -- Authority to sell publicly one million Carson City silver dollars -- Authority to sell property left from DOD base closings to local and State governments at 50% discount
Health, Education and Welfare	<u>First Session</u> -- Hospital Cost Containment -- Social Security Financing -- H.R. 7200 (Russell Long) -- Medicaid/Medicare anti-fraud and abuse -- Child Health Assessment Program (CHAP) -- Welfare reform
Housing and Urban Development	<u>Priority</u> -- Omnibus Housing bill (in conference)

Interior

First Session

- Reform of Mining Law of 1872
- Alaska d-2 proposals
- Redwoods National Park acquisition
- Outer Continental Shelf Lands Act
- Two nominations (Forrest Gerard for Assistant Secretary for Indian Affairs; Robert Mendelsohn for Assistant Secretary for Policy, Budget and Administration)

Possible in First Session

- Non-Indian early retirement
- Territories authorization
- Coal Slurry Pipeline
- Mine Health and Safety
- Earthquake Hazards Reduction Act

Second Session

- Reform of Mining Law of 1872
- Alaska d-2 proposals
- Redwoods National Park acquisition
- Outer Continental Shelf Lands Act
- Modification of Bureau of Reclamation dams for safety purposes
- Water research and technology
- Urban recreation
- Coastal Barrier Islands
- National Heritage Trust

Justice

Highest Priority Presently Before Congress

- Foreign Intelligence Surveillance Act of 1977
- Federal Criminal Code Reform
- Magistrates Act of 1977
- Juvenile Justice and Delinquency Prevention amendments
- To implement treaties for the transfer of criminal law offenders to or from foreign countries
- Constitutional rights for institutionalized persons

High Priority Presently Before Congress

- Attorneys' fees
- To limit the exercise of diversity jurisdiction in the federal courts
- Amendment to the Clayton Act (to overcome the effect of Illinois Brick Co. v. State of Illinois)
- Sex discrimination (would overcome effect of General Electric v. Gilbert authorizing limitations on pregnancy benefits)

Justice
(continued)

First or Second Session

- Federal Tort Claims Act amendments
- Customs Court legislation
- Gun control
- FBI Charter
- Procedures governing electronic surveillance of U.S. citizens overseas, procedures for regulating physical searches in foreign intelligence and revision of espionage laws
- Undocumented aliens
- Corrections proposals
- Bail reform
- Allocation of expenses in civil litigation
- Discovery (discovery practices in civil litigation)
- Federal Appellate Courts
- Arbitration
- Class action
- Bureau of Justice Statistics

Labor

Priority

- Mine Safety bill
- Minimum wage
- Labor Law reform
- Labor/HEW Appropriations Bill Conference Report
- Black Lung
- Age discrimination (not an Administration priority - expect it to move in the House this session)
- Pregnancy disability

Small
Business
Administration

Priority

- Services Corps of Retired Executives
- Disaster Loan Provision
- Secondary Market
- "Chief Counsel for Advocacy should not be a Presidential appointee"
- Appeal of small business set-asides
- Presumption of procurements as small business set-aside contracts
- R&D small business set-asides
- Limit sole source contracting authority
- Small business subcontracting
- Minority small business
- Equalization of loan interest rates
- Extend authorized maturity of regular business loans
- Private lender participation in disaster programs
- Renegotiation Act amendment to exempt small business
- Securities Laws amendments
- Taxation amendments

Special
Trade
Representative

First Session

- New International Sugar Agreement (could come before Senate this Fall)

Second Session

- Non-Tariff Measure (NTM) Agreements
- New International Commodity Agreements
- Tax reform legislation
- Trade Adjustment Assistance
- "Department of Trade"
- OPEC/GSP exclusion
- East-West trade
- Steel trade
- Countervailing duties
- Customs simplification

State

Atmospherics

- Panama, Africa, China, Israel, Belgrade Conference (US/USSR relations and human rights)

Central Legislative Issues

- Panama Treaty
- AWACS
- SALT extension
- Korea withdrawal legislation
- Genocide convention
- Nuclear proliferation

Legislative Issues

- Foreign Aid Appropriations Conference and final action
- Nuclear Test Ban Treaties (TTB/PNE)
- IFI Conference Report

Other Possible Issues

- China policy (may be a go-slow-on-China resolution)
- Africa policy (legislation may be needed to finance Zimbabwe initiatives)

Transportation

First Session

- Waterway user fees
- Aviation regulatory reform/noise reduction
- Defeat of anti-passive restraint resolutions
- Superfund (oil pollution liability legislation)

Second Session

- No-fault automobile insurance standards
- ADAP amendments (Airwaves and Airport Development Act)
- Comprehensive transportation program

Treasury

First Session

- IFI Authorization Conference Report
- Tax and Loan Accounts
- Energy Taxes

Second Session

- Increasing international monetary fund contribution
- Tax reform
- Financial institution reform
- Urban economic development plan
- Modernizing customs procedures
- Cargo preference

Uncertain

- Revenue sharing
- Counter cyclical

THE WHITE HOUSE
WASHINGTON

9/1/77

Mr. President:

Jordan, Eizenstat and McIntyre concur
with Press. Watson has no comment.

Congressional Liaison observes that the California congressional delegation strongly opposes cutbacks in the space program.

not done
OMB comments that it is possible to reduce ~~NASA~~ Federal funding over the next 4-5 years, and at the same time increase the applications of space technology to practical and scientific objectives. OMB notes that successful technology development ~~may~~ raise difficult issues, *longer* with respect to Federal vs. private sector roles. The idea of using NASA technology to aid developing countries may be an example of "a solution in search of a problem." Also, "the President's flexibility on Space Shuttle options should be preserved in recognition of the questions he has raised about the system's cost-effectiveness." Finally, while agreeing with the broad guidelines for NASA suggested by Press, OMB suggests that the President's guidance be provided on a private basis at present. *of NASA*

Eizenstat concurs with the guidelines suggested by Press, but doubts that the budget process is the best way to decide space issues. He suggests that the President consider an interagency review, perhaps headed by Frank Press, on the future of NASA., given the absence of a ~~policy-on-the-~~ an Administration policy Kraft----- on the space program at this time.

Kraft -----

in late Sept

Date: August 30, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Hamilton Jordan
~~Frank Moore~~
Jack Watson
Bert Lance Zbig Brzezinski
Charlie Schultze

FOR INFORMATION:

The Vice President
Jody Powell

HL
SL

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Press memo dated 8/30/77 re Administration Space Policy

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Thursday

DATE: September 1, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

^{strong}
No Senate sentiment in favor of bold, expensive new programs
Cable concerns - *DS*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

September 1, 1977

MEMORANDUM FOR: RICK HUTCHESON
FROM: STU EIZENSTAT *Stu*
SUBJECT: Press memo re: Administration
Space Policy

I concur that NASA does need guidance and that guidelines along those set out in Dr. Press' memorandum are needed. There is some doubt that the budget process is the best way to decide space issues. It is not clear that at this point in time we have a policy for our space program and, therefore, decisions will be made on an ad hoc basis. You might wish to consider an interagency review, perhaps headed by Dr. Press, on the future of NASA.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

September 1, 1977

TO: RICK HUTCHESON
FROM: LES FRANCIS *LF*
SUBJECT: Frank Press' Space Program Memo

My conversations with friends and former colleagues in California, as well as with California sources on the Hill, have convinced me that any cutbacks in the U.S. space program would have serious political consequences in that State.

- (1) California Democratic Congressmen who are supportive of the President on most issues (including those who support his B-1 decision) most likely could not support a cut-back or slowdown in NASA's programs. Space is a "clean" political issue (unlike defense spending, there is not an atmosphere of intense and divisive debate) and in California it means jobs--tens of thousands of jobs.
- (2) While Newsweek poked fun at Jerry Brown's recent speech on space and its importance to California, no one out there is laughing. With the people I've talked to the opinion is virtually unanimous: Brown scored a lot of points with his speech, even among those who are skeptical of his philosophy and/or leadership.

In summary, political considerations relative to California argue strongly in favor of a substantial investment in space programs and in opposition to any cutbacks.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 31 1977

MEMORANDUM FOR RICK HUTCHESON

THROUGH:

JIM MCINTYRE *J. McIntyre*

FROM:

R.K.
RONALD KONKEL/HUGH LOWETH

SUBJECT:

Comments on Frank Press' Memo to the President on
Administration Space Policy

The civil space program is now at a crossroads. With the completion of Space Shuttle development, major long range policy and budgetary issues will need to be addressed. We support the establishment of broad Administration guidelines (or assumptions) for the civil space program as outlined by Dr. Frank Press. Such Presidential guidance could provide needed policy direction to NASA and reduce current uncertainties in the Congress, aerospace community and the public regarding the Administration's intentions in this area.

As discussed in our Spring Planning Review session with the President, we believe it is possible to develop a long-term program and budget strategy for NASA that would result in reduced Federal funding for the agency over the next four or five years, and at the same time provide increased emphasis for applications of space technology to meet both practical and scientific objectives.

While we generally support the four Administration guidelines proposed by Dr. Press, we would sound the following cautionary notes:

- A shift to increased emphasis on practical applications of space technology may raise policy and organizational issues with respect to the delivery system for providing operational satellite programs. Successful technology development does not insure successful applications of new technology and may raise difficult issues--particularly with respect to Federal versus private sector roles.

- The increased use of NASA technology to aid developing countries needs to be reviewed in the context of our overall foreign policy objectives. We are somewhat concerned that sophisticated aerospace technology could become a solution in search of a problem, especially in developing countries where the ability to absorb and finance such systems may be limited.
- The President's flexibility on Space Shuttle options should be preserved in recognition of the questions he has raised about the system's cost-effectiveness and the possibility that near-term cost and schedule pressures could require a rephrasing of the program in the Fall budget process.

We agree with Dr. Press' judgment about NASA's effectiveness as an organization and the value of reinforcing the new NASA Administrator, Dr. Frosch, in dealing with potentially very difficult issues about the structure and scope of the future NASA program.

It is important that the President's guidance be provided on a private basis at this stage of the program/budget formulation process.

Finally, we recommend that Presidential guidance on the civil space program should include explicit guidance on the need to consider a possible resizing of the NASA institutional base, consistent with the requirements of future NASA programs.